



GENERAL ASSEMBLY OF THE STATE OF TENNESSEE

FISCAL REVIEW COMMITTEE

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OCTOBER 2009 STATE REVENUE COLLECTIONS

TENNESSEE GENERAL ASSEMBLY FISCAL REVIEW COMMITTEE STAFF

NOVEMBER 10, 2009

The Fiscal Review Committee (FRC) staff has prepared the attached estimate of October revenue collections necessary to meet the budgeted estimate for fiscal year 2009-10, which began July 1, 2009. Collections are recorded on an accrual basis with October as the third month for which collections are measured in FY09-10.

The estimates are a projection of collection patterns required for each tax, total revenue collections, and general fund collections to meet the amount required to fund the budget adopted by the General Assembly for FY09-10. Monthly estimates will be revised as the budget is revised based upon recommendations of the State Funding Board in December 2009 and in the spring of 2010.

For October 2009, total collections were \$698,249,000, an over-collection of \$17,409,000 relative to the FRC budgeted estimate for the month. Sales taxes were under-collected by \$20,528,000. Franchise and excise taxes were over-collected by \$33,790,000, and all other taxes were over-collected by \$4,147,000.

Relative to actual collections in October 2008, total collections decreased by 1.53 percent, compared to the FRC budgeted estimate of a 3.98 percent decrease. General fund collections decreased by 1.57 percent, compared to the FRC budgeted estimate of a 4.34 percent decrease.

Sales tax collections decreased by 7.80 percent, compared to the FRC budgeted estimate of a 4.05 percent decrease. Franchise and excise tax collections increased by 166.49 percent, compared to the FRC budgeted estimate of a 21.68 percent decrease. All other tax collections increased by 1.09 percent, compared to the FRC budgeted estimate of a 1.22 percent decrease.

Year-to-date collections through the first three months of FY09-10 were \$2,346,058,500, a cumulative under-collection of \$7,231,500 relative to the FRC budgeted estimates for the three-month period. Sales taxes were under-collected by \$50,311,900 year-to-date. Franchise and excise taxes were over-collected by \$47,618,900 year-to-date. All other taxes were under-collected by \$4,538,500 year-to-date.

Relative to actual collections for the first three months of FY08-09, year-to-date collections for FY09-10 have decreased by 4.52 percent. Sales tax collections have decreased by 8.47 percent year-to-date. Franchise and excise tax collections have increased by 14.90 percent year-to-date. All other taxes have decreased by 1.05 percent year-to-date.

The budget for FY09-10 adopted by the General Assembly assumed positive total revenue growth of 0.91 percent and negative general fund growth of 0.06 percent, based on actual collections to date (not including remaining accruals, the impact of which has not yet been determined by the Department of Finance and Administration). October 2008 collections pre-dated the sharp downturn in collections that began in November 2008.

<i>October</i>	2008 Actual Collections	FRC Monthly Estimate for OCT 2009 (as of AUG 2009)	FRC Estimated Growth Rate (as of AUG 2009)	2009 Actual Collections	Actual Growth Rate for OCT 2009	Difference (Actual - FRC Estimate) Over / (Under)
Sales and Use Tax	\$547,441,355.06	\$525,260,000.00	-4.05%	\$504,732,000.00	-7.80%	(\$20,528,000.00)
Gasoline Tax	\$43,485,445.21	\$45,700,000.00	5.09%	\$53,543,000.00	23.13%	\$7,843,000.00
Motor Fuel Tax	\$15,672,706.75	\$15,500,000.00	-1.10%	\$14,980,000.00	-4.42%	(\$520,000.00)
Gasoline Inspection Tax (Special Petroleum)	\$4,638,732.51	\$5,300,000.00	14.26%	\$5,389,000.00	16.17%	\$89,000.00
Motor Vehicle Registration Tax	\$18,733,771.35	\$18,000,000.00	-3.92%	\$17,737,000.00	-5.32%	(\$263,000.00)
Income Tax	\$4,631,768.25	\$3,100,000.00	-33.07%	\$2,578,000.00	-44.34%	(\$522,000.00)
Privilege Tax	\$21,269,985.94	\$19,400,000.00	-8.79%	\$18,519,000.00	-12.93%	(\$881,000.00)
Gross Receipts Tax - TVA	\$24,014,435.43	\$24,400,000.00	1.61%	\$26,498,000.00	10.34%	\$2,098,000.00
Gross Receipts Tax - Other	\$69,907.13	\$130,000.00	85.96%	\$201,000.00	187.52%	\$71,000.00
Beer Tax	\$1,641,083.12	\$1,600,000.00	-2.50%	\$1,586,000.00	-3.36%	(\$14,000.00)
Alcoholic Beverage Tax	\$3,248,441.95	\$3,400,000.00	4.67%	\$3,114,000.00	-4.14%	(\$286,000.00)
Franchise and Excise Tax	(\$17,957,662.70)	(\$21,860,000.00)	-21.68%	\$11,940,000.00	166.46%	\$33,790,000.00
Inheritance and Estate Tax	\$8,496,194.57	\$8,900,000.00	4.75%	\$4,994,000.00	-41.22%	(\$3,906,000.00)
Tobacco Tax	\$25,850,919.60	\$24,300,000.00	-6.00%	\$25,148,000.00	-2.72%	\$848,000.00
Motor Vehicle Title Fees	\$858,612.41	\$970,000.00	12.97%	\$858,000.00	-0.07%	(\$112,000.00)
Mixed Drink Tax	\$4,771,129.38	\$4,840,000.00	1.44%	\$4,227,000.00	-11.40%	(\$613,000.00)
Business Tax	\$1,933,630.66	\$1,700,000.00	-12.08%	\$2,143,000.00	10.83%	\$443,000.00
Severance Tax (Gas, Oil, & Coal)	\$190,363.99	\$175,000.00	-8.07%	\$202,000.00	6.11%	\$27,000.00
Coin Operated Amusement Tax	\$16,265.52	\$15,000.00	-7.78%	\$3,000.00	-81.56%	(\$12,000.00)
Unauthorized Substance Tax	\$89,193.63	\$0.00	-100.00%	(\$143,000.00)	-260.33%	(\$143,000.00)
Total Tax Revenue (Month)	\$709,096,279.76	\$680,840,000.00	-3.98%	\$698,249,000.00	-1.53%	\$17,409,000.00
Total General Fund (Month)	\$561,534,000.00	\$537,158,000.00	-4.34%	\$552,713,000.00	-1.57%	\$15,555,000.00
Total Tax Revenue - Cumulative (YTD)	\$2,457,035,875.34	\$2,353,290,000.00	-4.22%	\$2,346,058,503.35	-4.52%	(\$7,231,496.65)
Total General Fund - Cumulative (YTD)	\$2,020,806,000.00	\$1,919,447,000.00	-5.02%	\$1,901,571,000.00	-5.90%	(\$17,876,000.00)

Prepared by Fiscal Review Committee Staff, Tennessee General Assembly